

# House Study Bill 215 - Introduced

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON SANDS)

## A BILL FOR

1 An Act relating to the assessment and taxation of qualifying  
2 local exchange carrier property.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 433.4, Code 2011, is amended to read as  
2 follows:

3 **433.4 Assessment.**

4 ~~The~~ Except as otherwise provided in section 433.16, the  
5 director of revenue shall on or before October 31 each year,  
6 proceed to find the actual value of the property of these  
7 companies in this state, taking into consideration the  
8 information obtained from the statements required, and any  
9 further information the director can obtain, using the same as  
10 a means for determining the actual cash value of the property  
11 of these companies within this state. The director shall  
12 also take into consideration the valuation of all property  
13 of these companies, including franchises and the use of the  
14 property in connection with lines outside the state, and  
15 making these deductions as may be necessary on account of  
16 extra value of property outside the state as compared with  
17 the value of property in the state, in order that the actual  
18 cash value of the property of the company within this state  
19 may be ascertained. The assessment shall include all property  
20 of every kind and character whatsoever, real, personal, or  
21 mixed, used by the companies in the transaction of telegraph  
22 and telephone business; and the property so included in the  
23 assessment shall not be taxed in any other manner than as  
24 provided in this chapter.

25 Sec. 2. NEW SECTION. **433.16 Qualifying local exchange**  
26 **carriers — assessment and taxation — exception.**

27 1. For assessment years beginning on or after January  
28 1, 2012, the property of qualifying local exchange carriers  
29 shall be assessed for taxation according to subsections 2 and  
30 3, exclusive of any other provision of this chapter. For  
31 purposes of this section, "*qualifying local exchange carriers*"  
32 means telecommunications companies that provide local exchange  
33 service and have less than fifty thousand customer access lines  
34 located in this state.

35 2. For valuations established on or after January 1, 2012,

1 the director shall determine the value of the land, buildings,  
2 structures, and improvements of qualifying local exchange  
3 carriers in the same manner as all other property assessed as  
4 commercial property by the local assessor pursuant to chapters  
5 427, 427A, 427B, 428, and 441. All reporting, protest, and  
6 appeal procedures for qualifying local exchange carriers shall  
7 be determined according to those provisions.

8 3. Notwithstanding any other provision of this section  
9 or chapter 427, 427A, 427B, 428, or 441 to the contrary,  
10 telephone wires, fiber optic cables, electronics, and similar  
11 items used by qualifying local exchange carriers to transmit  
12 sounds or data shall not be included when determining the value  
13 of a qualifying local exchange carrier's land, buildings,  
14 structures, and improvements for purposes of this section.

15 EXPLANATION

16 This bill provides that property of certain local exchange  
17 carriers shall be assessed for taxation by the department of  
18 revenue in the same manner as commercial property is assessed  
19 by the local assessor. The bill defines "qualifying local  
20 exchange carriers" as telecommunications companies that provide  
21 local exchange service and have less than 50,000 customer  
22 access lines in Iowa.

23 The assessment provisions of Code section 433.4  
24 currently provide that in ascertaining the actual value of  
25 telecommunications company property, including local exchange  
26 carrier property, the director of revenue shall include  
27 all property of every kind and character whatsoever, real,  
28 personal, or mixed, used by the company in the transaction of  
29 telegraph and telephone business.

30 The bill provides that for assessments issued on and  
31 after January 1, 2012, the land, buildings, structures, and  
32 improvements of qualifying local exchange carriers shall be  
33 assessed by the department of revenue for taxation in the same  
34 manner as all other commercial property is assessed pursuant  
35 to Code chapters 427, 427A, 427B, 428, and 441 by the local

1 assessor. The bill provides that all reporting and appeal  
2 procedures for qualifying local exchange carriers shall be  
3 determined pursuant to those Code chapters.

4 The bill provides that telephone wires, fiber optic  
5 cables, electronics, and similar items used by qualifying  
6 local exchange carriers to transmit sounds or data shall  
7 not be included when determining the value of a qualifying  
8 local exchange carrier's land, buildings, structures, and  
9 improvements.